

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

CONTRARIAN CAPITAL MANAGEMENT,  
L.L.C., CONTRARIAN CAPITAL FUND I,  
L.P., CONTRARIAN DOME DU GOUTER  
MASTER FUND, LP, CONTRARIAN  
CAPITAL SENIOR SECURED, L.P.,  
CONTRARIAN EM II, LP, CONTRARIAN  
EMERGING MARKETS, L.P., POLONIUS  
HOLDINGS, LLC, and CONTRARIAN  
FUNDS, L.L.C.,

Plaintiffs,

v.

BOLIVARIAN REPUBLIC OF VENEZUELA,

Defendant.

Case No. 19 Civ. 11018 [rel. Nos. 19  
Civ. 3123 & 18 Civ. 11940]

Hon. Analisa Torres

**DECLARATION OF LEWIS B. SCHWARTZ IN SUPPORT OF  
PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT**

LEWIS B. SCHWARTZ declares as follows pursuant to 28 U.S.C. § 1746:

1. My name is Lewis B. Schwartz. I am the Chief Operating Officer of Contrarian Capital Management, L.L.C., an investment adviser for certain investment funds and separately managed accounts (the “Contrarian Funds”) that hold beneficial ownership of the bonds at issue. Contrarian Capital Management, L.L.C., does not beneficially own the Bonds (as defined below), but brings this suit to recover the due and unpaid principal and interest on the Bonds to which the Contrarian Funds are entitled.

2. I submit this Declaration based upon my personal knowledge of the transactions set forth in this Declaration and upon my review of the books and records of Contrarian Capital Management, L.L.C. I submit this declaration in support of Plaintiffs' motion for summary judgment. If called as a witness, I could and would testify competently to the matters set forth in this Declaration.

3. Contrarian Capital Management, L.L.C., is a limited liability company organized under the laws of the State of Delaware with its principal place of business in Greenwich, Connecticut.

4. Contrarian Capital Fund I, L.P., is a limited partnership organized under the laws of the State of Delaware with its principal place of business in Greenwich, Connecticut.

5. Contrarian Dome du Gouter Master Fund, LP, is a limited partnership organized under the laws of Ontario, Canada with its principal place of business in Greenwich, Connecticut.

6. Contrarian Capital Senior Secured, L.P., is a limited partnership organized under the laws of the State of Delaware with its principal place of business in Greenwich, Connecticut.

7. Contrarian EM II, LP, is a limited partnership organized under the laws of the State of Delaware with its principal place of business in Greenwich, Connecticut.

8. Contrarian Emerging Markets, L.P., is a limited partnership organized under the laws of the State of Delaware with its principal place of business in Greenwich, Connecticut.

9. Polonius Holdings, LLC, is a limited liability company organized under the laws of the State of Delaware with its principal place of business in Greenwich, Connecticut.

10. Contrarian Funds, L.L.C., is a limited liability company organized under the laws of Delaware with its principal place of business in Greenwich, Connecticut. Contrarian Funds, L.L.C., is the parent of Polonius Holdings, LLC.

11. The “Contrarian Funds” comprise Contrarian Capital Fund I, L.P., Contrarian Dome du Gouter Master Fund, LP, Contrarian Capital Senior Secured, L.P., Contrarian EM II, LP, Contrarian Emerging Markets, L.P., Polonius Holdings, LLC, and Contrarian Funds, L.L.C. The Contrarian Funds hold interests in accounts held by Polonius Holdings, LLC directly and through a master participation agreement with Contrarian Funds, L.L.C. Contrarian Capital Management, L.L.C., acts as an investment manager for each of the Contrarian Funds.

12. None of Plaintiffs, nor, to Plaintiffs’ knowledge, any of the beneficial owners of any Plaintiff, is (a) the state and Government of Venezuela; (b) any political subdivision, agency, or instrumentality thereof, including the Central Bank of Venezuela, Petróleos de Venezuela, S.A., the National Bolivarian Armed Forces of Venezuela, and the Venezuelan Economic and Social Development Bank; (c) any person owned or controlled, directly or indirectly, by the entities listed in subsections (a) or (b); (d) any person who has acted or purported to act directly or indirectly for, or on behalf of, the entities listed in subsections (a) or (b), including without limitation any member of the Nicolás Maduro regime; (e) any “Senior Foreign Political Figure” as defined in 31 C.F.R. § 1010.605(p) to the extent that the term “covered financial institution” in that regulation is construed to refer to Plaintiffs; (f) any spouse, parent, sibling, child, or spouse’s parent or sibling, of any natural person listed in subsections (a)-(e); or close associate of any natural person listed in subsection (a)-(e).

13. The Contrarian Funds are beneficial owners of bonds issued by the Bolivarian Republic of Venezuela (the “Bonds”) under a 1998 Fiscal Agency Agreement (the “1998 FAA”) and a 2001 Fiscal Agency Agreement (the “2001 FAA”). Specifically, the Contrarian Funds hold beneficial ownership in the following aggregate amounts of the Bonds:

Issue	ISIN	Date Due	FAA	Principal Beneficially Held	Interest Payment Dates
13.625% 2018 (-AT) Bonds	US922646AT10	08/15/2018	1998 FAA	\$20,680,000	Feb. 15; Aug. 15
13.625% 2018 RegS Bonds	USP9395PAA95	08/15/2018	2001 FAA	\$25,319,000	Feb. 15; Aug. 15
7.00% 2018 Bonds	USP97475AD26	12/01/2018	2001 FAA and Amend. No. 1	\$55,814,000	June 1; Dec. 1
12.75% 2022 Bonds	USP17625AC16	08/23/2022	2001 FAA and Amend. Nos. 1-3	\$49,703,673	Feb. 23; Aug. 23
9.00% 2023 Bonds	USP17625AA59	05/07/2023		\$1,672,583	Nov. 7; May 7
8.25% 2024 Bonds	USP97475AP55	10/13/2024		\$4,844,186	Oct. 13; Apr. 13
11.75% 2026 Bonds	USP17625AE71	10/21/2026		\$221,862,476	Oct. 21; Apr. 21
9.25% 2028 Bonds	USP17625AB33	05/07/2028		\$2,650,675	Nov. 7; May 7
11.95% 2031 Bonds	USP17625AD98	08/05/2031		\$50,315,563	Feb. 5; Aug. 5

14. Specifically, the following Contrarian Funds beneficially own the following quantities of Bonds:

Issue	Plaintiff	Quantity
13.625% 2018 (-AT10) Bonds	Polonius Holdings, LLC	\$20,680,000
13.625% 2018 RegS Bonds	Polonius Holdings, LLC	\$25,319,000
7.00% 2018 Bonds	Polonius Holdings, LLC	\$55,814,000
12.75% 2022 Bonds	Contrarian Capital Senior Secured, L.P.	\$179,000
	Contrarian Emerging Markets, L.P.	\$47,125,473
	Contrarian EM II, LP	\$2,399,200
	<b>Total 12.75% 2022 Bonds</b>	<b>\$49,703,673</b>
9.00% 2023 Bonds	Contrarian Emerging Markets, L.P.	\$1,472,583
	Contrarian EM II, LP	\$200,000
	<b>Total 9.00% 2023 Bonds</b>	<b>\$1,672,583</b>
8.25% 2024 Bonds	Contrarian Emerging Markets, L.P.	\$4,499,186
	Contrarian EM II, LP	\$345,000
	<b>Total 8.25% 2024 Bonds</b>	<b>\$4,844,186</b>
11.75% 2026 Bonds	Contrarian Capital Senior Secured, L.P.	\$1,319,000
	Contrarian Capital Fund I, L.P.	\$22,223,000
	Contrarian Dome du Gouter Master Fund, LP	\$7,279,000
	Contrarian Emerging Markets, L.P.	\$169,386,476
	Contrarian EM II, LP	\$21,655,000
	<b>Total 11.75% 2026 Bonds</b>	<b>\$221,862,476</b>
9.25% 2028 Bonds	Contrarian Emerging Markets, L.P.	\$2,395,675
	Contrarian EM II, LP	\$255,000
	<b>Total 9.25% 2028 Bonds</b>	<b>\$2,650,675</b>
11.95% 2031 Bonds	Contrarian Emerging Markets, L.P.	\$50,205,763
	Contrarian EM II, LP	\$109,800
	<b>Total 11.95% 2031 Bonds</b>	<b>\$50,315,563</b>

15. Plaintiffs purchased the Bonds from institutional broker-dealers who are, or were at the time Plaintiffs transacted with them for the Bonds, broker-dealers registered with the U.S. Securities and Exchange Commission and regulated by FINRA.

16. Plaintiffs acquired the Bonds as buyers in the ordinary course of business.

17. Plaintiffs purchased the Bonds in good faith, for value, and without notice of any adverse claim.

18. Plaintiffs paid a price within the range of market prices for each of the Bonds on the day of the purchase.

19. Plaintiffs have performed all obligations they may have under the FAAs or any Bonds issued pursuant to the FAAs.

20. Beginning in October 2017, Venezuela stopped making interest payments on the Bonds. Since then, Venezuela has not made any of the interest payments required by the Bonds' terms. Specifically, Venezuela has failed to make the following interest payments:

- (a) 13.625% 2018 Bonds: Feb. 15, 2018, Aug. 15, 2018, Feb. 15, 2019, Aug. 15, 2019, and Feb. 15, 2020
- (b) 7.00% 2018 Bonds: Dec. 1, 2017, June 1, 2018, Dec. 1, 2018, June 1, 2019, and Dec. 1, 2019
- (c) 12.75% 2022 Bonds: Feb. 23, 2018, Aug. 23, 2018, Feb. 23, 2019, Aug. 23, 2019, and Feb. 23, 2020
- (d) 9.00% 2023 Bonds: Nov. 7, 2017, May 7, 2018, Nov. 7, 2018, May 7, 2019, Nov. 7, 2019, and May 7, 2020
- (e) 8.25% 2024 Bonds: Oct. 13, 2017, Apr. 13, 2018, Oct. 13, 2018, Apr. 13, 2019, Oct. 13, 2019, and Apr. 13, 2020

(f) 11.75% 2026 Bonds: Oct. 21, 2017, Apr. 21, 2018, Oct. 21, 2018,  
Apr. 21, 2019, Oct. 21, 2019, and Apr. 21, 2020

(g) 9.25% 2028 Bonds: Nov. 7, 2017, May 7, 2018, Nov. 7, 2018,  
May 7, 2019, Nov. 7, 2019, and May 7, 2020

(h) 11.95% 2031 Bonds: Feb. 5, 2018, Aug. 5, 2018, Feb. 5, 2019,  
Aug. 5, 2019, and Feb. 5, 2020

21. Venezuela further failed to pay the entire principal amount on the 13.625% 2018 (-AT10) Bonds and the 13.625% 2018 RegS Bonds when they became due on August 15, 2018.

22. Venezuela also failed to pay the entire principal amount on the 7.00% 2018 Bonds when it became due on December 1, 2018.

23. As a result of Venezuela's failure to fulfill its obligations under the 2001 FAA, the 1998 FAA, and each of the Bonds beneficially held by Plaintiffs, as of May 10, 2020, Venezuela owes Plaintiffs the following total amounts in unpaid interest and unpaid principal (not including unpaid New York statutory prejudgment interest):

<b>Issuance</b>	<b>Principal Amount</b>	<b>Accrued Coupon Interest</b>	<b>Overdue Principal</b>	<b>Accrued Coupon Interest + Overdue Principal</b>
13.625% 2018 (-AT10) Bonds	\$20,680,000.00	\$7,702,092.72	\$20,680,000.00	\$28,382,092.72
13.625% 2018 RegS Bonds	\$25,319,000.00	\$9,429,849.40	\$25,319,000.00	\$34,748,849.40
7.00% 2018 Bonds	\$55,814,000.00	\$11,486,094.21	\$55,814,000.00	\$67,300,094.21

<b>Issuance</b>	<b>Principal Amount</b>	<b>Accrued Coupon Interest</b>	<b>Overdue Principal</b>	<b>Accrued Coupon Interest + Overdue Principal</b>
12.75% 2022 Bonds	\$49,703,673.00	\$17,183,611.18	N/A	\$17,183,611.18
9.00% 2023 Bonds	\$1,672,583.00	\$452,838.06	N/A	\$452,838.06
8.25% 2024 Bonds	\$4,844,186.00	\$1,228,418.07	N/A	\$1,228,418.07
11.75% 2026 Bonds	\$221,862,476.00	\$79,559,823.28	N/A	\$79,559,823.28
9.25% 2028 Bonds	\$2,650,675.00	\$737,583.09	N/A	\$737,583.09
11.95% 2031 Bonds	\$50,315,563.00	\$16,601,025.62	N/A	\$16,601,025.62
<b>Total</b>	<b>\$432,862,156.00</b>	<b>\$144,381,335.63</b>	<b>\$101,813,000.00</b>	<b>\$246,194,335.63</b>

24. Excluding New York statutory prejudgment interest, which accrues on each missed interest payment, as of May 10, 2020, Venezuela owes Plaintiffs overdue principal and interest payments on the Bonds amounting to \$246,194,335.63. *See Ex. 1 (interest worksheet).*

25. Applying New York's 9% statutory prejudgment interest, which accrues on each missed coupon payment, as of May 10, 2020, Venezuela's unpaid coupon payments have accrued prejudgment interest amounting to \$15,863,903.87. *See Ex. 1 (interest worksheet).*

26. Including New York statutory prejudgment interest on missed interest payments, as of May 10, 2020, Venezuela owes Plaintiffs overdue principal and interest payments on the Bonds amounting to \$262,058,239.50.

I declare under penalty of perjury that the foregoing is true and correct.

Executed: May 13, 2020  
New Rochelle, New York



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Lewis B. Schwartz  
Chief Operating Officer  
Contrarian Capital Management, L.L.C.